MARKETING DATA & PPC
ADROIT CASE STUDY
AUTO REPAIR

THE CLIENT

THE CLIENT

Our client (who we'll call "ClientAUTO") is an auto repair franchise with the goal of nailing down all of their franchise costs and strategies to help fuel their expansion into new markets.

ClientAUTO worked with Adroit for help with Google Ads, marketing data analysis, and marketing strategy.

RESULTS
AT A GLANCE

8.9x ROAS

Revenue Goal Exceeded by

$19,674.72

87% Increase

Quarter-Over-Quarter Revenue Growth

THE PROBLEM & PREVIOUS EFFORTS

THE PROBLEM

While they had already been running PPC campaigns, ClientAUTO had no idea if those campaigns were profitable. Additionally, ClientAUTO had no idea what the value of their customers was, how likely they were to return, or an idea of what maximum Customer Acquisition Cost (CAC) looked like.

This lack of insight into their customer data made it difficult to set goals for their marketing efforts.

Prior to Adroit's involvement, ClientAUTO ran ads based on

1) seasonal promotions (like fixing ACs in the summer months)

2) loss-leading services with a low cost (in the hopes of upselling more profitable fixes after a customer made it into a location)

ClientAUTO was spending less than $1,000 per location per month, and their limited reporting systems suggested they were barely breaking even.

THE SOLUTION

To begin, Adroit proposed running more campaigns, based on the best information available at the time. We created an analysis of all of the services completed over the past year to find the typical profit margins associated with those services.

PROFITABILITY FORECASTING

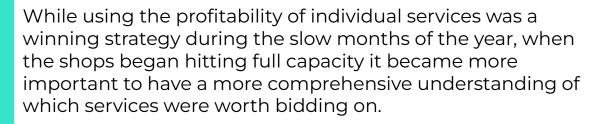|	A	B	C	D	E	F	G	H
1	Service	Profit Margin	Average Cost	Avg. Profit	Max Cost/Conv	Target CAC %	20%	<- Adjustable
2	Average	43.14%	$107.79	$46.50	$9.30			
3	Air Conditioning	52.66%	$212.42	$111.86	$22.37			
4	Alignment	46.00%	$83.88	$38.58	$7.72			
5	Alt & Starter	47.13%	$408.57	$192.56	$38.51			
6	Battery	36.15%	$182.91	$66.12	$13.22			
7	Belts (Big difference in serpentine belt vs. timing belt)	52.55%	$320.88	$168.62	$33.72			
8	Body/Door/Window	34.24%	$182.39	$62.45	$12.49			
9	Brakes	57.66%	$175.67	$101.29	$20.26			
10	Clutch	43.51%	$679.00	$295.43	$59.09			
11	Cooling System	52.97%	$209.61	$111.03	$22.21			
12	CV Axle / Bearing	52.22%	$349.35	$182.43	$36.49			
13	Diagnostics	51.58%	$82.28	$42.44	$8.49			
14	Diesel	26.59%	$736.54	$195.85	$39.17			
15	Differential	40.23%	$592.05	$238.18	$47.64			
16	Drive Train	47.73%	$173.40	$82.76	$16.55			
17	Electrical	42.87%	$186.14	$79.80	$15.96			
18	Engine	38.51%	$459.21	$176.84	$35.37			
19	Exhaust	39.51%	$462.88	$182.88	$36.58			
20	Fuel System	46.58%	$331.88	$154.59	$30.92			
21	Heater System	53.01%	$200.63	$106.35	$21.27			
22	Insp. & Emissions	67.83%	$26.72	$18.12	$3.62			
23	Oil Change	51.51%	$59.19	$30.49	$6.10			
24	Shocks & Struts	45.38%	$484.21	$219.73	$43.95			
25	Steering & Suspension	49.20%	$238.06	$117.13	$23.43			
26	Tires	33.87%	$108.34	$36.69	$7.34			
27	Transmission	28.32%	$473.68	$134.15	$26.83			
28	Tuneup-Computer-Emission	58.85%	$308.33	$181.45	$36.29			

Our initial analysis saw that all services had strong profit margins, however, some services should clearly be prioritized. We launched more campaigns based on those highly profitable services. Additionally, seeing that all services had strong margins baked in, we launched a general auto repair campaign, focused on keywords such as "near me".

PROFITABILITY FORECASTING
CONT.

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PROFIT MARGIN AUDIT

While using the profitability of individual services was a winning strategy during the slow months of the year, when the shops began hitting full capacity it became more important to have a more comprehensive understanding of which services were worth bidding on.

ClientAUTO and Adroit worked together to analyze all of their fixed and variable costs associated with each location to identify how much they ought to spend acquiring new customers.

	Location 1	Location 2	Location 3	Total
All Revenue	$113,201.93	$198,035.62	$191,818.45	$503,056.00
# RO	393	436	624	1453
Cost/RO	$124.57	$190.38	$119.47	$144.81
Fixed Costs	$79,444.67	$79,405.30	$90,858.21	$249,708.18
Avg Order	$288.05	$454.21	$307.40	$346.22
All Costs	$128,399.32	$162,411.21	$165,410.58	$456,221.11
Actual Margins	-13.4%	18.0%	13.8%	9.3%
CAC	$117.35	$100.77	$62.08	

PROFIT MARGIN AUDIT

CONT.

Our analysis brought us to the firm conclusion that, with the fixed costs of a brick-and-mortar location being so high, the most important element of profitability was ensuring that locations were as close to full capacity as possible. While the variable cost of acquiring customers should be considered, it was far more expensive for ClientAUTO to leave bays unused than it was to pay a little extra to acquire a new customer.

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Given all of our research and understanding of the profit margins of ClientAUTO, the new strategy was crafted based on seasonality.

BUSY SEASON

During the busy season, when locations were at a much lower risk of leaving bays unused, the strategy became investing only in highly profitable services and doing so only when acquisition costs could be kept low. This allows the locations to prioritize valuable services like transmission repairs over a low-ticket item like a state emissions inspection.

SEASONAL PPC STRATEGY

SLOW SEASON

During the slow season, all campaigns need to be running at maximum capacity. Each location has a capacity quota that must be met each month in order to become profitable, and no customer is profitable before that quota is met. Additionally, once the quota has been met, almost every customer thereafter is profitable (even at the worst acquisition costs we saw).

RESULTS

RESULTS OVERVIEW

8.9x ROAS

Revenue Goal Exceeded by

$19,674.72

Our goal for Q1 was for ad revenue to account for 10% of total revenue while maintaining a 5x Return on Ad Spend (ROAS). We greatly exceeded our goal, with ad revenue accounting for 15.2% of all revenue, and nearly doubling our ROAS goal by maintaining an 8.9x ROAS. In terms of dollars, we exceeded our goal by $19,674.72 (for a total of $57,349.11 in ad revenue). Our goal would have accounted for 23% quarter-over-quarter revenue growth, however, we actually saw an 87% increase.

87% Increase

Quarter-Over-Quarter Revenue Growth

By analyzing data that many marketers would disregard as being "outside of marketing," Adroit was able to help ClientAUTO understand their expenses, their marketing goals, and the true value of their customers.

By putting this information into practice, ClientAUTO was able to significantly exceed their paid advertising goals, as well as implement other informed decisions across the entire company.

CONCLUSION